

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
OF CHESAPEAKE UTILITIES CORPORATION )  
FOR APPROVAL OF NEW RATE SCHEDULE )  
"CLFF" CALLED CITY OF LEWES ) PSC DOCKET NO. 11-401T  
FRANCHISE FEE RIDER TO BE EFFECTIVE )  
NOVEMBER 19, 2011 )  
(Filed September 19, 2011) )

**ORDER NO. 8071**

**AND NOW**, this 8<sup>th</sup> day of November, 2011:

**WHEREAS**, on September 19, 2011, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission ("the Commission") an application seeking approval for a new rate schedule called City of Lewes Franchise Fee Rider ("CLFF") surcharge to be assessed against its gas customers within the City of Lewes; and

**WHEREAS**, the proposed CLFF surcharge of \$0.0181 per Ccf of delivered gas is meant to mirror the volumetric franchise fee imposed upon the Company by the City of Lewes under a twenty-year franchise agreement adopted by the City of Lewes on September 12, 2011; and

**WHEREAS**, the Company requested the Commission to consider the tariff changes implementing the CLFF so that such changes and the surcharge will be effective no later than November 19, 2011; and

**WHEREAS**, in Order No. 8052 dated October 3, 2011, the Commission agreed to consider Chesapeake's application at its regularly scheduled meeting on Tuesday, November 8, 2011, and to require the Company to publish notice of the filing and such meeting; and

**WHEREAS**, the Commission, pursuant to Order No. 8052, directed that notices of this proposed surcharge be published in the Delaware State News and The News Journal newspapers, and that such notice announce that the Commission would conduct a hearing on this proposed surcharge at its regularly scheduled meeting on November 8, 2011 and that interested persons could intervene or file comments; and

**WHEREAS**, no person or entity sought to intervene and no person or entity filed comments; and

**WHEREAS**, the Commission held the announced public hearing on the Company's application at its regularly scheduled meeting on November 8, 2011; and

**WHEREAS**, the Commission having heard the presentations and reviewed the exhibits presented by both the Company and the Commission Staff, and having considered Staff's recommendation that such proposed tariff revisions and surcharge of \$0.0181 per Ccf for customers located in the City of Lewes be approved; and

**WHEREAS**, the Commission determines that it is appropriate, in this circumstance, to have the volumetric franchise fee imposed by the City of Lewes to be passed through to the customers within the jurisdiction imposing such cost, and not be treated as a general expense possibly to be paid by all the Company's ratepayers; and

**WHEREAS**, the Commission has previously approved similar surcharges for the Company's Town of Milton customers (PSC Order No. 7520 (Jan. 29, 2009)); Town of Smyrna customers (PSC Order No. 4671 (Dec. 17, 1997)); City of Milford customers (PSC Order No. 6360 (Feb.

10, 2004)); Town of Georgetown customers (PSC Order No. 7118 (Jan. 23, 2007)) and Town of Millsboro customers (PSC Order No. 7119 (Jan. 23, 2007)), all arising from similar franchise fees imposed by those jurisdictions;<sup>1</sup> and

**WHEREAS**, by approving this surcharge in this area, the Commission makes no conclusion whether, and to what extent, towns and municipalities may impose franchise fees, and the Commission continues to reserve the power to revisit the appropriate ratemaking treatment arising from this and other municipal franchise fees imposed on this Company and other regulated public utilities;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NO FEWER THAN THREE COMMISSIONERS:**

1. That, the September 19, 2011 application of Chesapeake to revise its tariff in order to implement a "City of Lewes Franchise Fee Rider," calculated at \$0.0181 per Ccf of gas delivered to all firm and interruptible Delivery Service customers of Chesapeake (excluding those customers from whom Chesapeake is prohibited by law from collecting the franchise fees) within the limits of the City of Lewes, is hereby approved. The revised tariff sheets submitted by Chesapeake in its application of September 19, 2011 are approved, to be effective on November 19, 2011. Chesapeake shall separately identify on its initial billings to its customers within the City of Lewes such "City of Lewes Franchise Fee Rider" as a separate line item imposed as a

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<sup>1</sup>The Commission has also permitted Delmarva Power & Light Company to charge its customers in the City of Wilmington a surcharge rider to collect the public utility tax imposed by that City (PSC Order No. 6266 (Sept. 9, 2003)).

result of the franchise fee imposed by the City of Lewes under a franchise agreement.

2. That the Commission reserves the jurisdiction and authority to enter such other or further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

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Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Dallas Winslow  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary